Crown Corporations Council

A Manitoba Crown Corporation

Annual Report 2002

103-06090/

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Letter of Transmittal

The Honourable Greg Selinger
Minister responsible for
Crown Corporations Council
Province of Manitoba
103 Legislative Building
Winnipeg, Manitoba
R3C 0V8

Dear Minister:

I am pleased to submit for your consideration the Annual Report of the Crown Corporations Council for the year ended December 31, 2002.

Yours truly,

Arthur V. Mauro
Chairman

April 29, 2003

Chairman's Message

During the past year the Council continued to pursue its statutory mission of facilitating the activities of various Crown corporations with particular emphasis on governance and performance measurements. In this context Council reviewed its own governance practices, processes and reporting. It is this governance model that has formed the basis for our current reporting structure.

As the enclosed report indicates major Crown corporations have adopted and applied governance structures and procedures to enhance performance and accountability. These particular corporations have also introduced policies to improve transparency. The citizens of Manitoba are well served by the dedication of Board Members and Management of our various Crown corporations.

During the year Ms. Candace Bishoff and Mr. Harry Fehr retired from Council. Both were members since 1999. During that period Ms. Bishoff served as a member of the Audit Committee. Council is grateful for the dedicated contribution they have both made to the work of Council.

Respectfully submitted,

Arthur V. Mauro
Chairman

President's Message

Council formally adopted the Policy Governance (Carver) model as the foundation for Board policies. These policies form the basis for our performance reporting. Our 2002 Annual Report reflects changes in our performance reporting in response to observations made by Manitoba's Auditor General during their review of performance reporting in Crown entities' annual reports. The Auditor General's overall observation was: "In order to meet the attributes of appropriate performance information reporting, changes would need to be made to the annual report." Council supports the Auditor General's effort to improve performance information reporting to the Legislature and public in annual reports. It is generally aligned with our efforts to improve performance reporting among Crowns under Council's purview.

Council adopted policy and guidelines to integrate sustainable development procurement practices into its activities and operations.

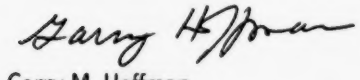
Council complied with Government's French Language Services Policy. Council's Annual and Quarterly Reports will be translated by the Department of Finance's French Translation Services and Council's Website has been redesigned as French / English.

Council continues to invest in professional development to keep abreast of emerging and best practices in the areas of governance, risk management, performance reporting, corporate social responsibility, and team building.

Our report includes highlights of our actions and reviews for the year. There were no factors in the operating environment that affected our activities. Our financial statements indicate that expenses were down significantly from the previous year. $200 thousand in consulting fees and expenses were incurred in the previous year.

The Auditor General, in September 2002, advised that a review of Crown Corporations Council would be conducted. "The Crown Corporations Council is a unique organizational model for enhancing and monitoring public accountability of the various Crown organizations under its purview.

My office would like to undertake a review of the effectiveness of this organizational model. Given that Council was established in 1989, I believe that it has been in operation for a sufficient length of time to be able to determine the strengths, benefits and challenges of the organization." Staff and selected Council members have been interviewed and data requests completed. It is expected that the report will be issued in 2003.



Garry M. Hoffman
President and Chief Executive Officer

Crown Corporations Under Council Purview During 2002

$ Millions	Fiscal Year Ended 2002 Revenue	Net Income/ (Net Loss)
Manitoba Hydro	$1,900.0	$214.0
Manitoba Public Insurance	582.5	(16.1)
Manitoba Lotteries Corporation	557.1	248.2
Manitoba Liquor Control Commission	428.4	163.3
Venture Manitoba Tours Ltd.	4.6	(0.6)
Manitoba Centennial Centre Corporation	4.5	0.0
Communities Economic Development Fund	2.0	(1.5)

Mandate

Section 6(1) of The Crown Corporations Public Review and Accountability Act defines Crown Corporations Council's duties. These are:

- Facilitate, in cooperation with each corporation, the development of a clearly defined mandate and a clear statement of purpose for the corporation.

- Facilitate, in cooperation with each corporation, the development of consistent and effective criteria for measuring the corporation's performance.

- Review long term corporate plans and capital expenditure proposals; ensure consistent practices among two or more corporations where appropriate.

- Provide any advice to the Lieutenant Governor in Council on those plans, proposals and practices or any other matter of policy affecting corporations that may be requested by the Lieutenant Governor in Council.

- Receive and hear submissions from any person who, in the opinion of the Council, has knowledge respecting any aspect of a corporation's activities regarding alleged failures by the corporation to comply with any Act or any policy of the Council.

Performance Accountability and Results

The following provides a summary of key actions completed in 2002 to meet our desired outcomes as outlined in Council Board policies:

Desired Outcomes	Actions Completed
Contribute to clear mandate and purpose of Crown corporations under Council's purview	Assessments completed for each Crown and any opportunities to improve were identified and communicated
Contribute to the development of consistent and effective criteria for measuring Crown's performance	Assessment and facilitation work undertaken for each Crown under Council purview
Review corporate plans and capital expenditures plans	Annual review completed for each Crown
Contribute to consistent practices among two or more Crowns where appropriate	Continued to identify opportunities through on-going work and communicated best practices among Crowns

Highlights of Actions in 2002

Mandate and Purpose

Facilitate, in cooperation with each corporation, the development of a clearly defined mandate and a clear statement of purpose for the corporation.

During the year, reviews were undertaken on all Crowns under Council's purview and the following opportunities for mandate and policy clarification were identified:

Manitoba Hydro (Hydro)

- Hydro's 2002/03 corporate strategic plan includes a key strategy to review its current statutory mandate related to the natural gas business. Discussions with the Province on policy and mandate options are being undertaken.

- Hydro has advised that at an appropriate time, Council will be consulted for commentary regarding Hydro's proposed statutory mandate.

- In addition, Council developed a risk profile of what we consider key risks specific to Hydro. This profile is intended to assist and guide Council and the Province as shareholder in oversight, public policy implications, and Ministerial responsibilities.

Manitoba Public Insurance (MPI)

- Council believes it important that MPI and Government assess practical, sustainable and transparent actions that clarify public policy imperatives where these might conflict with rate setting considerations and processes.

- Little has been done to modernize MPI's legislated financial, administrative and regulatory environment. In the context of current environmental factors which influence MPI's operations, we believe it timely and appropriate that MPI and Government initiate a comprehensive review of MPI's governing legislative frameworks.

Manitoba Centennial Centre Corporation (MCCC)

- The MCCC Board should initiate a review of its legislation and propose changes for Government consideration that enhance mandate clarity, modernize commercial and administrative practices and enhance governance and accountability practices.

Crown Corporation Performance Measurement and Reporting

Facilitate, in cooperation with each corporation, the development of consistent and effective criteria for measuring the corporation's performance.

In 2001 Council undertook a special project on corporate performance measurement and reporting. Council developed a matrix of key components critical to an effective and functional performance measurement and reporting system based on best practices. The components formed a framework upon which each selected Crown's existing measurement and reporting was assessed. Council facilitated the adoption of the criteria by presentations to Boards of Directors and shared the study with each Crown.

In 2002, on-going assessment and reporting on the corporate performance of each Crown was undertaken.

Manitoba Hydro (Hydro)

Hydro's performance and measurement system is a best practice model. The Corporate Strategic Plan booklet is a public document and is now distributed as part of public accountability meeting presentations and is available on its web site www.hydro.mb.ca.

Manitoba Public Insurance (MPI)

MPI has created a "dashboard" of high-level corporate measures which was publicly reported in its Annual Report.

Manitoba Lotteries Corporation (MLC)

High level targets or measures of performance in relation to plans requires further development. MLC was encouraged to include

performance information that reflects targeted achievement against plans consistent with a well-developed performance measurement and reporting system that supports and complements the new strategic structure, leadership framework and organizational direction.

Manitoba Liquor Control Commission (MLCC)

MLCC has developed potential measures for consideration. There is further opportunity to establish high-level measurable outcomes in relation to the Corporate Strategic Plan.

Communities Economic Development Fund (The Fund)

The Fund includes corporate performance reporting on goal achievement in its Annual Report. The Fund continues to improve outcome reporting to Government that demonstrates the economic and social benefits of its development assistance activities.

Manitoba Centennial Centre Corporation (MCCC)

MCCC's performance measurement and reporting requires further development. Board approved corporate goals and related measures are being developed as part of its first long term strategic plan. Internal data on performance in goal related areas will require additional effort.

Venture Manitoba Tours Ltd. (Venture)

Limited human and financial resources constrain sophisticated development of corporate performance measurements. Management regularly reports to the Board of Directors results of selected financial and operational oriented indicators. These indicators are those that management and the Board find of value and monitor regularly.

Crown Corporations Plans and Capital Expenditures

During 2002, reviews undertaken incorporated the Crowns' corporate strategic plans and capital expenditure programs.

In the case of each Crown corporation, corporate strategies, goals and planning processes were appropriate to their respective mandates and business environments. Opportunities for improvements were identified and communicated in the case of Manitoba Lotteries Corporation. These opportunities related to length and linkage from goal identification to planned achievement.

Review long term corporate plans and capital expenditure programs.

Total capital expenditures of $501 million were budgeted by the Crowns for Fiscal 2002/03. Manitoba Hydro's capital budget comprises the most significant portion of the capital expenditures, $391 million.

- Based on our review of the capital program information provided by the Crowns, no major factors were identified at that time that reflected significant risk for each Crown.

- Overall, the F2003 capital expenditures reviewed were consistent with the Crowns' mandates, corporate plans and strategies and in most cases reflect replacement, maintenance of business, customer growth needs and safety, legal and environmental related expenditures.

Consistent Practices

Ensure consistent practices among two or more corporations where appropriate.

Council focuses on consistent practices in the primary areas of governance, planning, and risk management and mitigation. Planning practices were noted as part of corporate plan reviews.

During 2002, our reviews found that overall the Crowns have appropriate governance and risk management processes and practices in place that are based on best practices. Opportunities for improvement were identified and communicated.

Manitoba Hydro (Hydro)

Of particular note was what we considered to be a model practice adopted by Hydro that is distinctive among the Crowns' current governance practices. This is the incorporation of a disclosure statement to the Minister responsible as part of an annual review. This practice was communicated to the other Crowns under Council's purview for their consideration to adopt as well.

Manitoba Centennial Centre Corporation (MCCC)

Council identified the need to have a formal business continuity plan that can be referred to in the event of severe business disruption. It was suggested the MCCC Board initiate development of a formal business continuity plan to assist in informed decision making about acceptable levels of risk and acceptable business resumption timeframes.

Special Reviews

Provide advice to Lieutenant Governor in Council that may be requested.

The Province formally requested Council to undertake two reviews in 2001, Crown remuneration policies and Minister's roles regarding policy direction and oversight of Crown Corporation activities. Reports were completed in 2002 and forwarded to the Minister responsible.

Submissions to Council

Receive and hear submissions regarding alleged failures to comply with any Act or any policy of the Council.

There were no submissions made during 2002 to Council concerning allegations or complaints against any Crown corporation under Council's purview.

Council Outcome Measurement

Council undertakes performance measurement and reporting of its outcomes within the limits of its staffing capacity and financial resources. Performance measurement and reporting on Council's desired outcomes will continue to evolve within the parameters of efficiency and resource constraints. Council operates with a small team of five full time staff, of which two members are professional staff and two members are administrative support.

Our mandate is one of facilitation, which we define as actions that would assist Crowns or make it easier for them to meet their obligations under the Act. It is an on-going process and co-dependent on actions of other organizations involved. Measuring our desired outcomes in a meaningful way lends itself to a more qualitative approach.

Operating Expenditures

Our costs of operation in 2002 continue to be relatively stable.

Expenses:	2002	$651
	2001	$866 *
	2000	$623
	1999	$677
	1998	$671

* included $200 thousand in consultant fees to conduct special reviews.

Professional Development and Training

All staff have access to professional development and training opportunities throughout the year.

During 2002 professional development focused on governance seminars and team building.

Client Satisfaction

Council defines its primary client as the Minister responsible for the Council and representative Ministers responsible for the Crowns under Council's purview. Satisfaction with achieving our mandate is reflected in feedback we receive on the results of our reviews and advice provided.

Highlights of Reviews Undertaken in 2002

Manitoba Hydro (Hydro)

Manitoba Hydro continued strong overall performance and progress in achieving its corporate goals. Export power sales as a percent of total electric revenue exceeded the target set of 26% by 2007. Hydro's goal of continuous safety improvement of the work environment is its top priority. Continued emphasis is being placed on its safety management system, work site visits, and job planning to improve results in this area. Customer overall satisfaction results are good though not yet at target and reliability results improved.

Corporate objectives, strategies and activities are consistent with Hydro's Board and management's interpretation of the current corporate purpose. Hydro has appropriate policies and principles in place for sustainable development. Council supports Hydro's efforts to pursue a more aggressive strategy for Demand Side Management (DSM) programming. One of the greater challenges that Hydro faces respecting DSM programming and promoting energy conservation is overcoming market barriers that exist in the Province.

Hydro's partnership with Aboriginal peoples in future development is precedent setting in its corporate history. Hydro and the Nisichawayasihk Cree Nation (NCN) are considering the development of the Wuskwatim generating station. Both parties have signed non-binding Summary of Understanding on the Wuskwatim Project covering major aspects of the development. An environmental review and licensing of the generation and transmission projects is expected to be conducted in 2003.

Continued evolving changes in the U.S. electricity market have resulted in considerable change to Hydro's operations and export markets. This important factor contributes to continuing increases in the complexity of the organization. It is important to note that Hydro's successful adaptation to these changes has enabled the Corporation to grow its business and maintain access to its markets.

Hydro is developing a corporate wide integrated risk management approach and framework based on best practices. The enterprise risk management framework being developed will assist in monitoring that identified risks are being managed and controlled on a corporate wide basis and that policies and tolerance limits are appropriate.

Manitoba Public Insurance (MPI)

Council's annual reviews confirm that MPI continues to achieve its original objectives. MPI pursues its mandate with appropriate commercial objectives that balance social purpose with fiscal responsibility. The Corporation's activities are consistent with its mandate and corporate purpose. MPI's business activities remain relevant, responding to the needs of Manitobans for access to universally affordable automobile insurance, within the identified public policy framework.

MPI's planning processes and assumptions are appropriate to the Corporation's business environment. MPI continues to focus its efforts on ensuring that intended outcomes are achieved. MPI continued strong customer service performance and progress towards realization of strategic corporate goals. Performance allows it to continue providing low-cost, high-quality automobile insurance on a self-sustaining basis.

Overall corporate financial results for the fiscal year ended February 2002 were unfavourable, reflecting losses in Basic Autopac and Extension Insurance, but Special Risk Extension (SRE) and Discontinued General Insurance results were positive. The Board established an upper limit on SRE retained earnings and, for retained earnings in excess of the approved target, authorized the transfer of surplus to the Basic Rate Stabilization Reserve.

MPI has appropriate strategies and processes to identify and mitigate risk in its compulsory Basic Autopac and competitive lines of business. MPI's Board and management are implementing these strategies effectively and are in the process of enhancing corporate risk management practices.

Manitoba Lotteries Corporation

MLC pursues its mandate with appropriate commercial objectives that balance social purpose with fiscal responsibility. It continues to improve strategic, business and budget planning and control processes. MLC's planning processes and assumptions are appropriate to the Corporation's business environment. MLC continues efforts to ensure intended outcomes are achieved and operations effectively safeguard public assets.

MLC continues to implement measures that improve workforce culture and workplace quality and actions that strengthen communications with employees. Positive actions to develop improved Human Resource planning and policies are on-going.

MLC recently formalized its risk management model and has appropriate strategies and processes to identify and mitigate risk in its business operations.

MLC delivers service and value in a manner consistent with broad government policy. MLC manages its business operations with due regard for economy, efficiency and effectiveness.

Manitoba Liquor Control Commission (MLCC)

Manitoba Liquor Control Commission's mandate is to fulfill the purposes set out in The Liquor Control Act. MLCC pursues its mandate with appropriate commercial objectives that balance social purpose with fiscal responsibility.

MLCC's planning processes and assumptions are appropriate to the Commission's business environment. MLCC is concentrating its focus and efforts on ensuring intended outcomes are achieved and operations effectively safeguard public assets. MLCC has appropriate strategies and processes to identify and mitigate risk in its business operations.

Communities Economic Development Fund (Development Fund)

The Development Fund's mandate is to fulfill the significant socio-economic purposes set out in The Communities Economic Development Fund Act. The Development Fund's business activities respond to the needs of targeted populations for access to capital and other assistance, within the identified public policy framework. The Development Fund pursues this mandate with appropriate commercial objectives that balance social purpose with fiscal responsibility.

The Development Fund's planning processes and assumptions are appropriate to the Fund's business environment. The Development Fund is meeting its mandate to provide financial and other assistance to entrepreneurs and Government in support of enterprise development and expansion in northern Manitoba through the Business Loans, TEAM Loans and Fisheries programs.

The higher risk inherent in the Development Fund's lending portfolios reflects the nature of its mandate. The Fund has appropriate strategies to identify and mitigate credit risk and concentration in its lending portfolios.

Manitoba Centennial Centre Corporation (MCCC)

MCCC's mandate is to fulfill the significant socio-economic purposes set out in The Centennial Centre Corporation Act. MCCC pursues its mandate with commercial objectives that balance social purpose with fiscal responsibility. MCCC's business activities remain relevant within identified public policy frameworks and respond to needs of targeted populations for access to premier performance facilities.

Venture Manitoba Tours Ltd. (Venture)

Efforts continue to address Venture's long term issues and important capital upgrades have been completed.

The Board with the assistance of Council staff has undertaken a governance review of its procedures and by-laws based on best practices.

Venture's long term challenges remain unchanged since the last review. The Corporation's debt position has grown due to financing necessary upgrades and weak financial performance.

The risk profile of the Corporation has not changed since previous reviews. $1.2 million of capital upgrades that consisted of repair and upgrading the sewage system, construction of an above ground water plant building and relocation and renovation of laundry services and facility staff lounge have been completed. Further infrastructure upgrades are a key risk that can result in growing costs to modernize the facilities the longer it is deferred. The financial position of the Corporation continues to weaken and represents the second major key risk.

Members of the Council

The governing body of Council consists of eight members appointed by the Lieutenant Governor in Council. Members are chosen to serve based on statutory provisions outlined in The Crown Corporations Public Review and Accountability Act.

One member is the Dean of The Asper School of Business at the University of Manitoba or designate from that Faculty. One member is nominated by the Institute of Chartered Accountants of Manitoba. One member is a person who, in the opinion of the Lieutenant Governor in Council, represents organizations of consumers in Manitoba.

At least three members are persons who, in the opinion of the Lieutenant Governor in Council, have demonstrated management or technical expertise.

During the year, members of the Council met with senior officials of each Crown under Council's purview to review corporate mandates and strategic plans.

Members of the Council

Arthur V. Mauro, O.C., Q.C. Counsel Aikins, MacAulay & Thorvaldson	Chairman since 1997
Janice Y. Lederman Partner Thompson Dorfman Sweatman	Vice-Chair since 2001
Dr. Jerry L. Gray Dean, Asper School of Business University of Manitoba	Member since 1997
Kent J. Haugen Partner, Business Consulting & Taxation Haugen Morrish, Chartered Accountants	Member since March 2002
Bidhu S. Jha President & CEO Optimum Trading Corporation Ltd.	Member since 2000
Judy A. Murphy, CA Executive Director Folk Arts Council of Winnipeg Inc.	Member since 2000
Raymond Poirier President b-bel INC	Member since January 2002
Garry M. Hoffman Ex-Officio Member President and Chief Executive Officer	
Candace L. Bishoff	Member 1999 to March 2002
Harry Fehr	Member 1999 to March 2002

Financial Statements

Responsibility for Financial Statements

The management of the Crown Corporations Council is responsible for the preparation and presentation of the financial statements and accompanying notes. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, reviewed by the Audit Committee of the Board of Directors and approved by the Board of Directors. The statements have been examined by Ernst & Young, LLP, independent external auditors, whose opinion is included herein.

The preparation of the financial information contained in the annual report necessarily involved the use of certain estimates and judgments which have been reached based on careful assessment of data available through the Council's information systems.

Preparation of financial information is an integral part of management's broader responsibilities for the ongoing operations of the Council. Management maintains an appropriate system of internal accounting controls to ensure that transactions are accurately recorded on a timely basis, are properly approved and result in reliable financial statements.

The Audit Committee of the Board of Directors meets periodically with officers of the Council and the Council's auditors. The auditors have free access to this Committee, to discuss the results of their audit work and their opinion on the adequacy of internal financial controls and the quality of financial reporting.

Auditors' Report

To the Members of
Crown Corporations Council

We have audited the balance sheet of **Crown Corporations Council** as at December 31, 2002 and the statement of income and reserve reflecting net investment in capital assets for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2002 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Ernst & Young LLP

Winnipeg, Canada,
March 18, 2003

Chartered Accountants

BALANCE SHEET

	December 31	
	2002	2001
ASSETS	(thousands of dollars)	
Current:		
Cash	$ 346	$ 369
Accounts receivable	7	7
	353	376
Capital assets (note 4)	7	9
	$ 360	$ 385
LIABILITIES AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS		
Current:		
Accounts payable and accrued liabilities	$ 60	$ 93
Levies received in advance	190	103
Due to Manitoba Crown corporations (note 3)	50	147
	300	343
Retirement allowances and other benefits payable	53	33
	353	376
Reserve reflecting net investment in capital assets	7	9
	$ 360	$ 385

Approved by the Board

Chairman

Director

(see accompanying notes)

STATEMENT OF INCOME AND RESERVE REFLECTING NET INVESTMENT IN CAPITAL ASSETS

	Year Ended December 31	
	2002	2001
	(thousands of dollars)	
Income		
Recoveries from corporations through levies	$ 645	$ 828
Recoveries from corporations through direct charges	-	12
Interest	4	16
	649	856
Expenses		
Salaries and benefits	462	450
Board remuneration and expenses	78	77
Rent	65	62
Professional fees	10	210
Office supplies and printing	9	15
Automobile expense	7	7
Professional development	7	-
Equipment rental and maintenance	4	7
Telephone and courier	4	6
Depreciation	2	17
Travel	2	2
Insurance and miscellaneous	1	1
Governance training costs	-	12
	651	866
Excess of expenses over income	$ (2)	$ (10)
Reserve reflecting net investment in capital assets, beginning of year	9	19
Reserve reflecting net investment in capital assets, end of year	$ 7	$ 9

(see accompanying notes)

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

1. **Nature of organization**

The Crown Corporations Council (the "Council") is a body corporate established on June 5, 1989 under the Crown Corporations Public Review and Accountability Act.

The mandate of the Council is to facilitate clear mandates, development of performance measures and consistent practices and to review corporate plans of Crown corporations under its purview.

2. **Significant accounting policies**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Outlined below are those principles considered particularly significant for the Council.

a) **Recoveries of expenses from Crown corporations**

Operating expenses are recovered from the Crown corporations through the assessment of levies allocated on a pro rata basis determined by the revenues of each Crown corporation. The levies are recognized in these financial statements at the time the related costs are incurred. In addition, certain direct costs incurred on behalf of particular corporations are recovered directly from the respective Crown corporations.

b) **Reserve reflecting the net investment in capital assets**

The purchase of capital assets is funded through operating expense levies assessed to Crown corporations. The reserve reflects levies assessed to the Crown corporations with respect to the Council's capital assets.

c) **Capital Assets**

Capital assets are recorded at cost. Depreciation is provided on a straight line basis over five years on the office furniture and equipment and over three years on the computer equipment.

d) **Retirement allowances**

Retirement allowances are provided to certain qualifying employees. The costs of benefits earned by employees are charged to expenses as services are rendered. The cost reflects management's best estimates of the length of service, salary increases and ages at which employees will retire. In addition, adjustments arising from plan amendment, changes in assumptions, experience gains and losses, and the actuarial present value of the accrued entitlement as at January 1, 2000 are being amortized to expenses on a straight line basis over the expected average remaining service life of the employee group. The unamortized balance of the January 1, 2000 actuarial present value of the accrued entitlement is $32,600 at December 31, 2002 (2001 - $36,200).

3. **Due to Manitoba Crown corporations**

These amounts represent a retroactive adjustment to levies based on Council's actual expenses.

4. **Capital assets**

These are comprised entirely of office furniture and equipment and computer equipment.

	December 31	
	2002	2001
	(in thousands of dollars)	
Cost		
Office furniture and equipment	$58	$58
Computer equipment	56	56
	$114	$114
Accumulated depreciation		
Office furniture and equipment	52	50
Computer equipment	55	55
	107	105
Net book value	$ 7	$ 9

5. **Pension costs and obligations**

Employees of the Council are provided pension benefits by the Civil Service Superannuation Fund ("the Fund"). Under paragraph 6 of the Civil Service Superannuation Act, the Council is described as a "matching employer" and its contribution toward the pension benefits is limited to matching the employees' contributions to the Fund. In addition, one employee is entitled to enhanced pension benefits. The cost of the benefits earned by the employee is charged to expenses as services are rendered. The cost reflects management's best estimate of salary increases and the age at which the employee will retire.

6. **Lease commitments**

The Council is committed under a premises lease expiring on April 30, 2005 to annual basic rental payments of approximately $32,400 and annual common area and operating costs of approximately $29,100.

7. **Statement of cash flows**

A statement of cash flows has not been presented in these financial statements as no additional useful information would be provided by its inclusion.

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